

NASFAA's "Off the Cuff" Podcast – Episode 313 Transcript

OTC AskRegs Experts: Diving into Common Questions Found on NASFAA U

Maria Carrasco:

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Hugh Ferguson:

Hey everyone. Welcome back to another episode of Off the Cuff. I'm Hugh Ferguson with our communications team.

David Tolman:

I'm David Tolman in Training and Regulatory Assistance.

Tonya Hsiung:

And I'm Tonya Hsiung with training and Regulatory Assistance.

Hugh Ferguson:

Welcome back, David, and welcome to Tonya who I believe this is your first time on the podcast.

Tonya Hsiung:

It is, yes. Thank you.

Hugh Ferguson:

Awesome. Well, we're very excited to have you this week and yeah, this week on AskRegs, we figured we'd do something a little different since we have some regulatory experts here. We wanted to dig into some more details on our NASFAA U courses and in particular cover some topics that members might not be all that familiar with or just kind of catching them up with some details on the regulatory side that we think would be helpful to just have some reminders on. So David, before we dive into things, could you kind of fill listeners in who might not be as familiar with NASFAA U, what it's about?

David Tolman:

Yeah, and Tonya, feel free to jump in. Tonya is also the program manager for NASFAA U, but these are courses that we offer every year that pretty much align with topics in which we have published self-study guides, plus a few more topics. We actually cover more than are in the self-study guides, but they're at least four weeks long, most of the topics. There's some that we can't do in four weeks. They might go as long as eight weeks, but most people who have never taken it think of it as being like a webinar. It's not a webinar. For over those four weeks, we'll have two hour-long live sessions per week or get-togethers, and then you'll have NASFAA U instructors, me, Tonya. There's also David Downing, Jackie Cottam, and Norma Robinson. But we also have a NASFAA member who joins and leads one of those weekly sessions talking about practices and reviewing case studies.

Tonya Hsiung:

Yeah, and we-

David Tolman:

Anything we haven't covered?

Tonya Hsiung:

Yeah, I was just going to say we get really deep into a topic, which is what makes it a lot different than a webinar. So like David said, we talk about some of the topics with the self-study guides, and one of the benefits of taking the course is with the purchase of a course, you also get to take a credential exam at the end. You're not required to by any means, but the cost of the course includes that cost of the credential exam unless it's a certificate course.

So some of our courses lead to a credential, others lead to a certificate. So it just depends on the course itself. But like David mentioned because it's different than a webinar, there are video lessons, there's assigned reading. We have weekly quizzes, we have graded case studies, so it is like taking an actual course. So if you haven't taken a course in a long time, which a lot of people may not have taken courses since they were in college, it is a course, it gets you back into that study habits. But we try to make it paced very well so people can learn while we're teaching throughout those weeks, whether it's four weeks or five or six weeks. Again, David mentioned some up to eight weeks, but we try to make it as easily learnable as possible for everyone and have different methods of learning for everyone.

Hugh Ferguson:

That sounds great. So for usual listeners to AskRegs, we tend to approach these episodes as very in the weeds topics. I would say that the NASFAA U courses go even further into the weeds.

Tonya Hsiung:

Yes, we definitely get into the weeds in the topics.

David Tolman:

We have about 20 minutes for the podcast, we have about two months, one to two months, most of them are one month, two times a week. But we have fun and most people really enjoy it. But we have learned during those courses, we have learned some things because of our interaction with those who participate in the class, that there's some common areas that kind of catch us by surprise that this particular topic has caught them by surprise or a particular regulation. And so that's what we're going to talk about today or some of those, I don't know what's called blind spots or misconceptions. We'll address a few of those today.

Hugh Ferguson:

That sounds great. Yeah. So David, where do you want to start with this? I know we don't have a month long conversation here.

David Tolman:

No, we'll just hit some highlights and because they're kind of brief things. So a lot of people who are listening to this are like, "Oh yeah, I know that," but just be aware that these are areas that some people didn't quite understand. So the first one, loan fees. So I'll start with the misconception, and that is a

school might say, "Well, we only add loan fees when it's necessary to fix an over award or to increase a student's cost of attendance," but that's not the case. And Tonya can clarify this misconception, and I was thinking, what's the opposite of a misconception? Is it a conception? Anyway, she'll straighten it out.

Tonya Hsiung:

Well, I'm not going to straighten you out on what the opposite of a misconception is because that I can't do, but I can straighten you out about the loan fees. So loan fees for the direct subsidized loan, the direct unsubsidized loan, and for parent and graduate PLUS loans are required to be itemized in the cost of attendance. And that's for any student who borrows a loan. And when you have the loan fees, you can either use the actual loan fee or you can use an average loan fee. That's up to the school to decide.

Hugh Ferguson:

Got it. So if a loan fee is added, must it be removed if the student does not borrow the loan?

Tonya Hsiung:

So the answer to that is no, but there's always a but, it cannot mask an over award.

Hugh Ferguson:

Got it. Okay. So as someone not as in the weeds on this topic as you two are, what exactly does that mean?

David Tolman:

Well, it's kind of funny. Let's say the loan fee is \$18 and the student ends up... and you put the loan fee and the cost of attendance and the student doesn't take the loan, you don't have to take the \$18 out, but you have to figure that \$18 in when if you're packaging the student, you can't fill their whole need. You have to fill their need less \$18. I mean, it's a weird thing. So we found after lots of investigation, there's an easy way to handle this.

Tonya Hsiung:

And it's really just to remove the loan fee. So you just remove the \$18 so you don't have to remember just to take it out when you're doing the calculation. So it's really a lot of work for that small dollar amount in the cost of attendance if you're trying to remember to do it. And to be honest, a lot of financial aid management systems are going to have trouble with it if you don't remove it. So it's just easier to remove it.

Hugh Ferguson:

David, what other misconceptions are there? What other topics do you want to dive into?

David Tolman:

Yeah. Well, loan fee is a component of the cost of attendance, and there are other misconceptions about cost of attendance. And I'm going to say that there's a list of items that adding them is not professional judgment. So if the student incurs the cost, they can simply be added to the cost of attendance. And we call these additional cost of attendance components, but it's things like dependent

care, disability related expenses, study abroad, cooperative education and so on. There's a list of them that are all in the statute, the higher education cost of attendance statute.

Tonya Hsiung:

Yeah. And these are all allowable expenses that are in the higher education act for the cost of attendance. So if a student actually incurs those costs and the costs meet the statutory requirements and they meet the school's policy, then the cost should actually be added to the student's cost of attendance. So like David mentioned, these are not professional judgment adjustments. These are just things that should be added to the student's cost of attendance if the student has incurred the cost.

Hugh Ferguson:

Got it. So why is it important to distinguish whether there is or there isn't a professional judgment decision?

Tonya Hsiung:

Well, it could change the school's whole process depending on how they handle professional judgment. There were schools who were actually sending these requests to an entire committee for discussion and for decision, and instead they could have just one staff member who checks the documentation and then adds the expense to the student's cost of attendance component. So you're talking about less work, you're talking about less time, and then you're talking about the student having the adjustment done very quickly as opposed to waiting for a committee to come to a decision on it.

David Tolman:

Yeah. There are schools who are surprised when they learned that these things aren't professional judgment, how they were able to become much more efficient in processing requests for dependent care or disability. It's important to have well-formed policy around it, but it does not have to go through the whole process of however professional judgment is handled on the campus.

Tonya Hsiung:

And I think one of the big discussions we had around it was policies and procedures. So making sure your policies and procedures are updated to make sure that you are addressing some of these issues for cost of attendance, that's always an important item to have at the school level.

Hugh Ferguson:

That sounds great. So yeah, moving right along. What's our next misconception we want to talk through?

David Tolman:

Okay. And let's call these myths. Myths regarding the Pell Recalculation Date.

Hugh Ferguson:

Okay. So what are these myths and why are they different than the misconceptions?

Tonya Hsiung:

Well, there are so many myths in this category. One is that everyone's courses are frozen on this date, the Pell Recalculation Date. Another is that it applies to all financial aid programs, it applies to all aid programs. Students who aren't enrolled on this freeze date aren't eligible for aid, that it has to be on the census state and that it applies to specific courses rather than just the enrollment intensity.

Hugh Ferguson:

Okay. So David, can you straighten us out on the Pell Recalculation Date?

David Tolman:

Okay. So this one we'll probably spend a little bit more time on than the other loan fees. We'll mention that we actually spend kind of a week on this topic in our class, but it's an optional policy, so that's the first thing to know. And if enacted, then the school is able to calculate and adjust the Pell for enrollment intensity changes that affect the student's Pell grant eligibility through that date, whatever date they set. And then after that date, there's no recalculations to the student's Pell due to enrollment intensity changes.

Tonya Hsiung:

But it's important to know that the school has to still recalculate Pell for any mandatory reasons.

Hugh Ferguson:

Got it. And so what are the mandatory reasons?

David Tolman:

So the most common mandatory reason is when a student doesn't initiate attendance in enough credits to justify the enrollment intensity on which the student's Pell amount is actually based. And let me give you an example. So you have a student's Pell is calculated at a hundred percent enrollment intensity, but the student initiates attendance in only nine credits because they never attended a three credit course, maybe because they forgot to drop the class, or maybe it was a class they did drop, but it was scheduled in a module later in the term. So even though they were enrolled in that class on the Pell Recalculation Date because they never attended the class and they never initiated attendance, it triggers a mandatory recalculation. And in this example, it would be based then only on a 75% enrollment intensity.

Hugh Ferguson:

Got it. And so how is this optional Pell Recalculation Date policy supposed to work?

David Tolman:

Well, I'd say the first thing is don't think of it as an enrollment freeze. It actually doesn't apply to all Pell students. And as Tonya explained, there are still mandatory. So that's one. And when you set that date, the Pell Recalculation Date or PRD, it doesn't have to align with the school census date, although a lot of schools do align it. And that's probably where the myth comes from is because in practice it's probably easier to communicate to students just a single date. The census date is usually when a school reports enrollment to the state board or whatever agency is overseeing them. And that usually aligns with ad drop dates or tuition refund dates. So it might make it easier to communicate to students that it's the

same date, we're going to lock your enrollment. And I think that's where a myth come from is it's often tied in practice to enrollment reporting and what's reported to the state board.

But the school really can choose any date within a payment period as its PRD and then think it's a Pell Recalculation Date. When you say freeze date, you kind of forget that recalculation and recalculation implies that an initial Pell calculation has already been done. All right, let's look at another example. A student who does not have a Pell offer, as of the student's PRD, and maybe the student hadn't completed a FAFSA on that day, maybe the student doesn't have a Pell eligible SAI, Student Aid Index, but the students later verified or receives a PGA decision that reduces their SAI to a Pell eligible range.

So on the PRD, they were not Pell eligible, but if an initial calculation is performed after the PRD, after verification is performed after PJ, then the student's enrollment intensity is based on the student's enrollment as of the date of the Pell recalculation. And because that is being performed long after maybe the PRD itself, you didn't lock in that student's enrollment on the PRD, you're not doing a recalculation, you're doing an initial calculation. So you use that student's enrollment intensity based on the number of credits they're enrolled in as of the day you award the Pell. That's about as simple as I can say in what covers a week in a class.

Hugh Ferguson:

Got it. So are there any other myths associated with the Pell recalculation date?

Tonya Hsiung:

So another myth is if the student's enrollment intensity decreases after the PRD, but before you actually make a disbursement of the Pell grant, then you're supposed to reduce the Pell to match the student's enrollment as of the date of the disbursement.

Hugh Ferguson:

Okay. Got it. Can you give an example of that?

Tonya Hsiung:

Sure. So if a student was offered a Pell well in advance of the PRD, and that happens quite a bit, and the initial calculation was performed, so on the PRD, the student's enrollment intensity was 100% and the student initiated attendance in all classes and no mandatory recalculations have to occur. So for some reason the Pell hasn't disbursed, whatever the reason might be. It could be because of SAP or there's another student eligibility issue and you have that resolved some point in the term. So when the student is finally eligible for the disbursement, the student is only enrolled in six credits instead of the original 12 credits. So they're at 50% enrollment intensity. Well, the school will still base the disbursement on the 12 credits, the 100% enrollment intensity because the school does not perform a recalculation after the Pell recalculation date after that PRD. So the PRD is where you look at the disbursement amount for the student when you go to make that disbursement.

Hugh Ferguson:

So this area is definitely getting even more complicated, and I can see why these courses take as long as they do and that our little recordings here can only go so deep. I can see why these myths have developed.

David Tolman:

And we've kept actually some pretty simple situations. It can get even more complicated than that.

Tonya Hsiung:

Like adding modules.

David Tolman:

Yes, like adding modules.

Hugh Ferguson:

Yeah. So it sounds like this Pell Recalculation Date could take up an entire podcast or really an entire season of Off the Cuff.

Tonya Hsiung:

Yeah. Like David mentioned, in our Pell course we do. We spend a whole entire week just on this.

Hugh Ferguson:

That's good to know. And so what courses do you guys have coming up that listeners might want to know more about?

Tonya Hsiung:

David and I teach the packaging and aid notifications starting next week. On Monday, that class begins.

Hugh Ferguson:

Sounds great. And are there seats still available for that?

Tonya Hsiung:

There are. There are a few seats still available. It's a new class, and so it should be a lot of fun.

Hugh Ferguson:

That sounds great. Yeah. We'll have links to that in the show notes and be sure to include some extra links for folks to learn more on these issues. If you have any questions or would like to learn more about the NASFAA U courses, be sure to reach out to us in our show notes, send us an email, be sure to subscribe to our podcast on your listening channel of choice, and we will be back again real soon. Thanks everyone.

Maria Carrasco:

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